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Industrial users will recognize the locational and economic value of Greater Springfield market

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As Greater Springfield's industrial market enters the spring of 2010, the market place continues to see oversupply and limited absorption.

Market availability remains high and consistent with the overall vacancy rate approaching or exceeding fifteen per cent. This is very evident from a drive through the region and its industrial parks and industrial areas with an ever increasing number of available signs and properties.

While this occurrence is evident in most areas of the country and notably more severe in others, the impact of the continued recession has dramatically changed the industrial market place in Western Massachusetts in a relatively short time frame.

For many years the region experienced a measured expansion of its industrial building inventory with a moderate volatility and an overall vacancy rate that typically fluctuated between seven and eight per cent or greater in less than favorable economic times. The market place was principally occupied by a relatively even mix of local and regional companies or corporately operated leased or owned facilities. The current recession has its greatest negative impact among the corporate owned and leased facilities as corporate American attempts to reign in cost, eliminate over capacity and realign its operations to address current demands and profitability requirements, and has vacated numerous local facilities to achieve this.

Prior to the recent recession, the region's industrial market had a measureable period of expansion of its local and regional industrial base. This principally need driven expansion has provided a continued healthy industrial base whose specialized or niche market manufacturing, assembly or distribution has provided the area some stability in uncertain times.

The local market place presently offers a diversity of availabilities ranging from smaller spaces to 500,000 s/f properties. The majority of the newer offerings are typically 100,000 s/f for sale properties readily adaptable to a variety of industrial uses.

This continued negative market activity has exerted downward pressure on both sale prices, lease rates and terms in an attempt to attract market prospects.

Asking rental rates have begun a downward migration with the majority of asking rental rates for existing warehouse, distribution space ranging between \$2.50-\$4 per s/f NNN. Asking rental rates for existing manufacturing space range from approximately \$3.50-\$5 per s/f NNN.

Asking sales prices have begun a downward migration as property owners assess market

availability and price properties accordingly. Market absorption continues to be negative as new inventory has rapidly outpaced market activity. New construction continues to be very limited and focused on previously planned projects and requirements whose needs are not compatible with existing market inventory, due to specialized locational or physical requirements.

Industrial land availability continues to be able to accommodate the majority of market requirements though the number, diversity and quality of existing building alternatives questions the need for new construction and will for the foreseeable future.

With the end of the first quarter of 2010 the market place continues to experience negative absorption, but Brokers have seen an increased level of activity from prospects.

The area is anxiously awaiting the news of the location chosen in Holyoke for the high speed data center. It is hoped that the center will have some spin off potential for the region with additional economic benefit from the co location of data users utilizing the center.

We are hopeful that when the economy turns industrial space users will recognize the locational and economic value of the Greater Springfield industrial market place.

Douglas Macmillan is president of Macmillan and Son, Inc., Springfield, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540